

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2088-06
Bill No.: SCS for HCS for HB 976
Subject: Children and Minors; Health Care
Type: Original
Date: May 1, 2015

Bill Summary: This proposal changes provisions relating to children, including immunization, court orders, juveniles with problem sexual behavior, safe sleep protocols, and the Children's Service Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Greater than \$919,402)	(Greater than \$1,121,937)	(Greater than \$1,149,179)
Total Estimated Net Effect on General Revenue	(Greater than \$919,402)	(Greater than \$1,121,937)	(Greater than \$1,149,179)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§192.390 - Amino acid-based elemental formulas

Officials from the **Department of Health and Senior Services (DHSS)** state that according to the Children's Milk Allergy and Gastrointestinal Coalition (MAGIC), it is estimated that up 0.1 percent of the total U.S. infant and children's population requires the amino acid-based elemental formula for proper life sustaining nutrition. The amount of time needed to be on the formula varies for each individual. According to MAGIC, children typically need the formula for a period of two years or less, and the majority of children will outgrow their allergies or conditions by age five.

The population of Missouri age birth to five is 390,237 (2010 census data). It is estimated that 390 (0.1 percent) of this population has a need for the formula. Currently, these formulas are covered through the state Medicaid program, the Women, Infants, and Children's Program (WIC), and the Children and Youth with Special Health Care Needs Program (CYSHCN) for those meeting income eligibility. Health plans in Missouri are not mandated for coverage of this formula. It is estimated that 50% of this population (195 individuals) will not be covered through any existing state program. This version of the legislation does not require insurance carriers to provide coverage for the listed conditions. According to information available on MAGIC's website, the annual average cost of elemental formula per year is \$5,075. The total cost of providing the formula to the children up to age five who would need assistance from DHSS is estimated at \$989,625 (\$5,075 x 195 individuals).

The percentage of individuals needing the formula beyond age five is estimated at significantly less than 0.1 percent for conditions that are not outgrown and would need the formula for life sustenance. Since the DHSS would be required to provide the formula for individuals under 19 years of age (coverage would be specific to each individual), the amount of funds needed to provide coverage for individuals between the ages of 5 and 19 years of age is unknown.

By rule, the Metabolic Formula Program currently provides one annual medical examination by a physician at 80 percent of billed costs. This examination verifies medical need and provides the prescription for the formula. It is assumed that this medical examination would be provided for the new participants as well at an average cost of \$200 per examination for a total cost of \$39,000 (\$200 x 195 individuals).

The DHSS would require one additional HPR II (annual salary of \$34,944) position in order to provide the following duties: enrolling participants in the program, contracting with formula companies and coordinating shipments of formula from the companies to the participants,

ASSUMPTION (continued)

verifying continued participant income and medical eligibility, payment of formula invoices, development of program rules, develop and maintain information to put on the DHSS web site, develop program manual, develop program forms, and respond to inquiries about the formula coverage by phone, email and written correspondence.

Total estimated costs to the General Revenue Fund for FY 2016 are unknown, greater than \$919,402; FY 2017 are unknown, greater than \$1,121,937; and FY 2018 costs are unknown, greater than \$1,149,179.

Bill as a Whole

Officials from the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Social Services**, the **Joint Committee on Administrative Rules**, the **Missouri Office of Prosecution Services** and the **Office of State Courts Administrator** each assume the proposal, as amended, would have no fiscal impact on their respective agencies.

Officials from the **Department of Elementary and Secondary Education (DESE)** state there could be costs to all public, private and parochial day care centers, preschools, and nursery schools to notify parents of the changes to the law.

Oversight assumes costs associated with notifying parents that they may request notice if there are children currently enrolled in or attending the facility for whom an immunization exemption has been filed can be absorbed within current funding levels.

In response to the previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs - DHSS (\$192.390)</u>			
Salaries	(\$29,120)	(\$35,293)	(\$35,646)
Fringe benefits	(\$15,144)	(\$18,354)	(\$18,538)
Equipment and expense	(\$17,950)	(\$13,949)	(\$14,296)
Formula & Medical Exams	(Greater than \$857,188)	(Greater than \$1,054,341)	(Greater than \$1,080,699)
Total Costs - DHSS	(Greater than \$919,402)	(Greater than \$1,121,937)	(Greater than \$1,149,179)
FTE Change - DHSS	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(Greater than \$919,402)	(Greater than \$1,121,937)	(Greater than \$1,149,179)

<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business child care facilities could be impacted by this proposal.

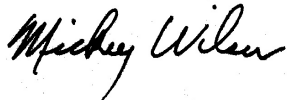
FISCAL DESCRIPTION

This proposal requires the state to provide coverage for amino acid-based elemental formulas for individuals with certain food allergies and conditions. The department is not required to provide coverage for children who are already receiving coverage for amino acid-based elemental formulas through MO HealthNet, the women, infants, and children supplemental nutrition program, and the children's health insurance program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions
and Professional Registration
Department of Social Services
Joint Committee on Administrative Rules
Missouri Office of Prosecution Services
Office of State Courts Administrator
Office of Secretary of State



Mickey Wilson, CPA
Director
May 1, 2015

Ross Strobe
Assistant Director
May 1, 2015